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World Financial Markets

Morgan Guaranty Trust Company of New York

November 1980

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Foreign exchange market developments

Since the end of September the dollar has strengthened against most major currencies. It has been particularly strong against the German mark and other EMS currencies in the last two months, appreciating by about 5½% against those currencies, while rising by about 4% against the Swiss franc (see Table 1). The dollar has also risen by about 1% *vis-à-vis* the British pound, the Canadian dollar, and the Japanese yen in this period, after it had depreciated by more than 20% against the yen in the preceding six-month interval. These currency movements have sent the dollar up by 2½% on an effective basis in the latest two months, reaching its highest level since last spring (see chart).

The dollar's strengthening is partly a consequence of the sharp run-up in U.S. interest rates (see Table 2). Short-term rates in the United States have climbed fairly steadily since mid-summer, with the increases ranging between six and seven percentage points since end-July and three and four percentage points since end-September. Yields on long-term bonds are also up substantially — nearly two percentage points since mid-summer and close to one percentage point since early fall.

In contrast, interest rate movements elsewhere have lagged far behind. Short-term rates in Germany are up by less than 50 basis points from their levels of this summer and early fall, while money-market rates in most other European countries are relatively unchanged, or down slightly as in France and the Netherlands. In Japan, the lowering of the discount rate this month to 7¼% has brought short-term rates down by almost two percentage points from their end-September levels. These developments have resulted in interest rate differentials moving steadily in favor of the dollar (see chart). In the Euro-currency market, for example, the differential between three-month Euro-dollar and Euro-mark rates now exceeds seven percentage points. Moreover, there is now a one percentage point differential in favor of Euro-dollars *vis-à-vis* Euro-sterling, compared with a differential of more than seven percentage points favoring sterling in mid-summer.

The strong rise in U.S. money-market rates was confirmed by the Federal Reserve's decision this month to boost the discount rate to 12% and to impose a 2% surcharge

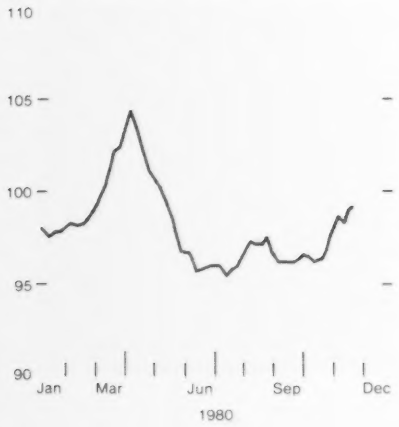
Table 1

Exchange rate changes from September 30, 1980 to November 21, 1980

in percent vis-à-vis the U.S. dollar and on a trade-weighted averages basis

	vis-à-vis U.S. dollar	*trade-weighted average basis*
U.S. dollar	—	2.5
Canadian dollar	—1.2	—0.6
Japanese yen	—1.3	0.3
British pound	—1.2	2.7
German mark	—5.4	—1.1
French franc	—5.1	—0.8
Belgian franc	—5.8	—1.4
Dutch guilder	—5.4	—0.9
Italian lira	—5.7	—1.5
Swiss franc	—4.2	0.0

Nominal effective dollar exchange rate
monthly averages
index, March 1973=100



for large banks that are frequent borrowers. The recent strong growth of money supply and bank credit, as well as the sharp rise in market rates, were factors cited by the Fed as prompting the latest discount rate hike. The monetary aggregates have been running near to or above the upper limits of this year's target ranges, and the Fed is determined to bring the aggregates within the target ranges, preferably closer to the midpoints, by the year's end (see chart). This may entail further tightening action.

Even if short-term U.S. interest rates are close to peaking, any subsequent easing — whether before the turn of this year or more likely in early 1981 — is apt to be much more moderate than that which occurred last spring in the midst of the U.S. recession. While the economic recovery is quite weak and could falter in the coming months, leading to an actual downturn, a repeat of this year's second-quarter collapse is not likely. Nor is there the distorting influence of last spring's credit controls and their subsequent removal. Moreover, the prospect of higher rates of consumer price inflation in the months ahead will be a moderating influence on interest rate declines. There is also considerable uncertainty about the net impact on the federal budget of President-elect Reagan's plans for lowering taxes, increasing defense spending, and cutting nondefense expenditures. As a result, market operators are concerned that the Federal Reserve will continue to carry most of the burden of fighting inflation and that U.S. interest rates will have to remain relatively high for some time to come.

Any declines in U.S. interest rates in the months ahead are apt to be matched, at least in part, by subsequent reductions in foreign interest rates. In Germany, the Bundesbank has refrained from lowering domestic interest rates because of pressures on the mark. However, in view of the weakness of the economy and subsiding inflation, the authorities can be expected to react to declines in U.S. rates by eventually lowering domestic interest rates. With the exchange rate situation in Japan much stronger than in Germany, further measures to stimulate the Japanese economy, possibly including another discount rate cut, are anticipated early next year as the economy continues to weaken. These actions should ensure the maintenance of large interest rate differentials in favor of the dollar through much of 1981.

A second factor contributing to the dollar's strengthening has been a favorable pattern of current account balances. During the third quarter of this year, the U.S. trade deficit on a balance-of-payments basis narrowed to $11 billion at a seasonally adjusted annual rate from more than $35 billion at an annual rate in the first half of 1980. A reduction in U.S. oil imports accounted for about two thirds of this swing. Imports of crude oil and refined products fell by 18% in the quarter, as oil import volume dropped to 6.1 million bpd, its lowest level since 1975. The surplus in agricultural trade also increased by almost $5 billion at an annual rate in the third quarter over the first half of 1980, while the surplus on manufactures was up by about the same amount. With the United States running a large surplus on the invisibles account, the latest trade statistics suggest a current account surplus in the third quarter of at least $15 billion at an annual rate compared with a $10 billion annual rate deficit in the first half of 1980.

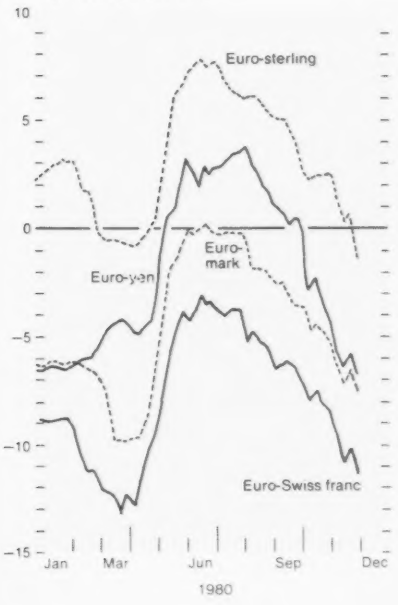
In contrast, the current account deficits of the major EMS countries — Germany, France, and especially Italy — widened noticeably in

Table 2
Selected U.S. interest rates
in percent per annum

	end-July 1980	end-Sep. 1980	Nov. 21 1980
Federal funds	9.63	13.31	18.00
3-month Treasury bills	7.90	11.09	14.14
3-month CDs	8.90	12.25	15.90
Prime rate	11.00	13.00	17.00
10-year government bonds	10.62	11.87	12.75
Aa-new issue industrial bond	11.65	12.88	13.25

Interest rate differentials vis-à-vis Euro-dollars

based on 3-month rates in percent per annum



U.S. money supply and target ranges

in billions of dollars

the third quarter, contributing to pressures on their exchange rates (see Table 3). While the continental European current account balances are likely to improve in the current quarter, given the deepening recession in Europe, they nevertheless should remain in sizable deficit.

The current account balances of Japan and the United Kingdom strengthened noticeably in the third quarter and into the fourth, contributing to the firmness of their currencies on an effective basis. The slowing of economic activity in both of these countries resulted in reductions in their merchandise imports, while exports were aided by favorable terms-of-trade effects associated with appreciations of their currencies.

This pattern of current account balances is likely to continue into 1981. Actual outcomes, of course, will be influenced heavily by oil price developments. The conflict between Iraq and Iran already has pushed spot oil prices above the $40-per-barrel level, from $31 prior to the war. While the volume of spot transactions remains modest and inventories are still well above "normal" levels in the aggregate, the probability has risen that oil prices will increase by more than inflation in general. If average oil prices next year were to increase roughly in line with world inflation, the prospects for Japan's current account deficit being cut in half and the deficits of Germany and of other European countries being reduced substantially would be enhanced considerably. The United States, however, could register a large current account surplus. If, on the other hand, the effective world price of oil were to average, for instance, $40 per barrel — implying a 13% increase in relative terms next year — there might be little or no narrowing of the deficits for Japan, Germany, and France next year. The United States could be expected to run a small surplus in that case.

The main negative factor for the dollar is a continuing high rate of U.S. inflation and an adverse inflation differential — especially *vis-à-vis* Germany and Japan. After two months of moderate consumer price inflation, the rate of increase in the CPI returned to double digits in September, despite declines in the mortgage rate and the energy price components of the index. With both of these components expected to record large increases in the months ahead and with no slowing of food price increases in sight, consumer price inflation seems likely to accelerate by the end of this year and in early 1981. In contrast, there are clear indications that inflation has slowed in a number of foreign countries, including Germany, Japan, and the United Kingdom. While a renewed surge of oil price increases would lessen the degree of price moderation, restraint policies and weak economic activity point to an improved inflation performance in Europe and Japan in the coming year.

For the present, at least, interest rate differentials are offsetting the adverse inflation differentials for the United States. Using an average of past and projected rates of consumer price inflation as a measure of inflation expectations, Table 4 shows that real interest rates in the United States currently are generally higher than in the other major industrial countries, especially at the short end of the maturity spectrum. Over the longer run, however, it is critical to continued strength of the dollar that the incoming Reagan administration develop a comprehensive program for combatting inflation and stick to it. Even though it may not be possible to obtain a quick subsidence of inflation, it is imperative that the public's confidence in policies to deal with infla-

Table 3

Current account balances

in billions of dollars
at seasonally adjusted annual rates

	1979	1980 1st half	1980 3rd quarter
United States	—0.8	—10.3	15.0
Japan	—8.8	—18.4	—6.5
United Kingdom	—4.0	—1.0	8.8
Germany	—5.5	—14.8	—16.5
France	1.2	—7.5e	—8.0e
Italy	5.2	—3.5e	—26.0e
Belgium	—3.8	—5.3e	—6.7e
Netherlands	—2.0	—3.4	—4.0e
Ireland	—1.5	—1.2	—0.8e
Denmark	—3.0	—3.4	—2.2e

e estimated

tion be restored as a means of lowering inflation expectations. Provided that U.S. economic policy is perceived as being effective in dealing with inflation, the prospects for continued dollar firmness will be enhanced.

The entire group of EMS currencies has been weak with respect to the dollar. This is mainly because they have been pulled down by the mark, which in recent weeks has been at or near the lower end of the narrow band. The mark's depreciation against the dollar — as well as against other EMS currencies — has been the consequence of Germany's large current account deficit and the relatively low level of nominal German interest rates (see Tables 3 and 4).

The German authorities have intervened heavily in the exchange markets, selling the equivalent of about $4 billion in foreign currencies just in the four weeks to mid-November. Increasingly — and lately, almost entirely — this intervention has occurred within the EMS. The central bank has not reduced its official interest rates, and German market interest rates have moved up, reflecting the drain on domestic liquidity resulting from exchange market intervention that has more than offset the injections of liquidity from Bundesbank open market operations. In fact, the Bundesbank Council's meeting on November 12 was followed by a statement that higher domestic market interest rates and the pressure on the mark might have justified an increase in official interest rates, but that such a move had been foregone because of the evident weakening of economic activity in Germany. Industrial production and new orders to industry have declined substantially in recent months, and real GNP evidently fell in July-September for the second consecutive quarter. The government recently revised downward to nil its projection of the change in real GNP between 1980 and 1981, and even this view may be optimistic.

In another action to bolster the mark, the government recently reduced from two years to one the minimum maturity of German securities that can be purchased by nonresidents. In addition, the German government has continued to attract large-scale funds from OPEC countries, directly and indirectly.

There also has been a widespread application of moral suasion to discourage capital exports. For example, on November 12, the central capital markets subcommittee, an unofficial body composed of representatives of six large German banks, announced a pause in foreign mark issues until the end of the month. This action, while ostensibly designed to ease pressures on the domestic capital market, also will have the effect of temporarily slowing capital outflows from Germany. Although the authorities do not dictate decisions of the subcommittee, the Bundesbank is known to have urged restraint. If the mark remains under pressure, other steps may be taken to discourage capital exports.

Table 4

Nominal and real interest rates in mid-November 1980

in percent per annum

	Nominal interest rates			Real interest rates[d]	
	short-term[a]	long-term[b]	Inflation rate[c]	short-term	long-term
United States	15.90	13.25	9.7	6.2	3.5
Canada	13.25	13.13	11.0	2.2	2.1
Japan	9.50	8.86	7.4	2.1	1.5
United Kingdom	15.43	13.04	13.7	1.7	—0.7
Germany	9.40	8.50	4.9	4.5	3.6
France	11.25	13.22	12.0	—0.7	1.2
Italy	17.50	12.50	17.7	—0.2	—5.2
Netherlands	9.62	10.08	6.2	3.4	3.9
Belgium	12.70	12.46	6.4	6.3	6.1
Switzerland	5.50	4.70	3.4	2.1	1.3

a Three-month interbank rates, except for U.S., Canada, and Japan which are three-month CDs.
b Yields on ten-year domestic government bonds.
c Average of rate of consumer price inflation in the past twelve months and projected for the next twelve months. For the United States the personal consumption deflator is used instead of the consumer price index.
d Nominal interest rate less inflation rate, rounded to nearest tenth of a percent.

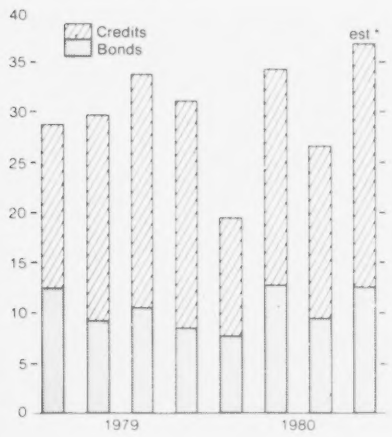
Table 5

Publicized new international bond issues and medium-term Euro-currency bank credits

	1979		1980
	Year	Jan-Nov	Jan-Nov
By market center in billions of dollars			
International bond issues	41.0	38.4	38.9
Euro-bond issues	18.7	17.5	22.4
U.S. dollar	12.6	11.5	15.2
German mark	3.6	3.6	3.6
Dutch guilder	0.5	0.5	1.0
Other currencies	2.0	1.9	2.6
Foreign bond issues	22.3	20.9	16.5
Swiss market	9.8	9.4	6.8
German market	5.4	4.9	4.5
U.S. market	4.5	4.5	3.2
Japanese market	1.8	1.6	1.1
Other markets	0.8	0.5	0.9
Euro-currency bank credits	82.8	78.0	66.2
Total	123.8	116.4	105.1
By category of borrower as percent of total			
Industrial countries	47.8	48.1	58.3
Non-OPEC LDCs	30.7	30.6	22.5
OPEC members	10.5	10.7	10.5
Communist countries	6.0	6.1	2.6
International organizations	5.0	4.5	6.1
Total	100.0	100.0	100.0

Gross publicized new international bond issues and Euro-currency bank credits

in billions of dollars



*Fourth-quarter 1980 based on October-November data at a quarterly rate

The German measures were complemented by the reduction in the discount rate of the Dutch central bank and by the recent steps taken in France — including a reduction in some interest rates and a 5% reserve requirement on nonresident bank deposits — to discourage capital inflows, especially those from Germany.

International credit markets

The volume of publicized borrowing in the international credit markets has declined by about ten percent so far this year despite a major widening of current account imbalances and a related increase in financing requirements. Publicized gross new borrowings during the first eleven months of 1980 amounted to approximately $105 billion, down from more than $116 billion in the corresponding period of 1979 (see Table 5). Even should there be a surge in activity in the coming weeks, the amount of borrowing for the full year is likely to fall well short of last year's $124 billion total.

All of the decline in borrowing this year is the result of a falloff in new medium-term Euro-currency bank credits to $66 billion from $78 billion in January-November 1979. New issues of international bonds increased marginally to $38.9 billion in January-November 1980 from $38.4 billion a year earlier. Within the bond total, there has been a $5 billion gain to $22.4 billion in new Euro-bond issues, most of which represented additional dollar-denominated offerings. The volume of new foreign bond issues in domestic markets, however, has dropped by nearly $4½ billion, with reductions in all four major markets. The share of dollar-denominated issues in the international bond market increased from about 42% last year to some 47%, partly reflecting the currency's relative strength through much of 1980. International issues denominated in marks, Swiss francs, and yen have declined in both amounts and shares of the total this year.

More than half of this year's decline in publicized borrowings can be attributed to a sharp reduction — from nearly $13½ billion in 1979 to only about $6 billion this year — in the amount of outstanding Euro-currency bank credits refinanced or restructured in advance of their original maturities, usually for the purpose of arranging terms more favorable to the borrower. However, the apparent contradiction between increased balance-of-payments financing requirements and decreased publicized new borrowings in the international credit markets remains. One explanation is that an increasing proportion of international credit flows is not publicized. Borrowers and lenders often refrain from announcing their transactions, sometimes to avoid disclosures of the credit terms. The figures in Table 5 also exclude various kinds of international credits (such as foreign bank loans in domestic currencies, short-term Euro-credits, and direct placements with central banks and governments) that have grown in relative importance this year. Furthermore, the data on publicized gross new borrowings represent only the amount of newly arranged credit facilities, not actual utilization. There is some evidence suggesting that this year a number of borrowers have drawn on facilities arranged but not disbursed in prior years. Despite these caveats, the data on publicized new borrowings in the Euro-currency bank credit and international bond markets provide a good indication of borrowing trends and signal some significant shifts in the pattern of international credit flows this year.

Table 6

Publicized new international bond issues and medium-term Euro-currency bank credits by country of borrower

in billions of dollars

	1979		1980
	Year	Jan-Nov	Jan-Nov
Industrial countries	59.1	56.0	61.3
United States	9.1	8.9	7.7
Italy	4.0	3.5	7.0
Canada	6.0	6.0	5.3
Japan	5.8	5.6	4.8
Spain	4.6	4.5	4.5
Sweden	2.8	2.7	4.5
France	5.1	4.7	4.3
United Kingdom	2.0	1.8	3.1
Australia	1.5	1.3	3.0
Denmark	2.0	2.0	2.5
Netherlands	0.9	0.9	1.8
Austria	1.2	1.2	1.7
Belgium	1.5	1.5	1.5
Norway	2.9	2.7	1.4
Finland	0.8	0.7	1.4
Greece	1.0	1.0	1.3
Yugoslavia	2.2	1.8	0.8
Others	5.7	5.2	4.7
Non-OPEC LDCs	38.1	35.6	23.7
Mexico	8.6	8.4	6.0
Brazil	7.2	7.1	4.4
Argentina	3.5	3.2	2.5
Korea	3.3	2.7	1.8
Chile	0.9	0.9	1.1
Philippines	2.2	2.1	0.9
India	0.1	0.1	0.8
Thailand	0.7	0.5	0.8
Taiwan	1.1	1.0	0.3
Turkey	3.0	3.0	—
Malaysia	1.3	1.0	—
Others	6.2	5.6	5.1
OPEC members	13.0	12.4	11.0
Venezuela	6.9	6.4	7.0
Nigeria	1.4	1.4	1.3
Ecuador	0.6	0.6	1.3
Indonesia	1.1	1.1	1.1
Algeria	2.1	2.1	*a*
Others	0.9	0.8	0.3
Communist countries	7.4	7.2	2.7
Poland	0.9	0.9	0.8
Hungary	0.3	0.3	0.6
Czechoslovakia	0.6	0.6	0.5
East Germany	0.8	0.8	0.3
Romania	0.6	0.4	0.3
China	3.4	3.4	0.2
Others	0.8	0.8	—
International organizations	6.2	5.2	6.4
Total	123.8	116.4	105.1

a less than $50 million

The decline in gross new borrowings this year has been heavily concentrated in the non-OPEC LDCs. As shown in Table 6, their new borrowings dropped by nearly $12 billion to $23.7 billion (22½% of the total) in the first eleven months of 1980 from $35.6 billion (30½%) in the corresponding period last year. Communist-country borrowings have also dropped off sharply, with a large part of this decrease accounted for by China, which last year arranged $3.4 billion of Euro-credits. OPEC borrowing has run below last year's pace, but the decline is quite moderate given their vastly improved payments positions. The volume of funds raised by industrial countries in January-November 1980 reached $61.3 billion (58% of the total), exceeding the full-year 1979 total and share (48%).

The large widening of current account deficits brought on by oil price hikes has spurred heavy borrowing in the international credit markets by many industrial countries. The largest increase has been by Italy, whose current account balance is deteriorating by an estimated $14 billion this year. Sizable increases in borrowing also have been registered by Sweden, Australia, Britain, the Netherlands, Austria, Finland, Denmark, Greece, and South Africa. Others, such as Canada, Spain, Japan, and France, have remained large borrowers, although the amounts raised have been less than last year. Norway, which is enjoying a balance-of-payments surplus this year, has substantially reduced its takings. The United States has remained the largest borrower again this year, although the amount raised by U.S. entities in the first eleven months is $1.2 billion below last year's total. However, the drop in U.S. borrowing is entirely because of the nearly $2½ billion reduction in Carter bond issues this year. Publicized borrowings by U.S. corporations including banks increased by $1.3 billion, to $6.5 billion, in January-November 1980, as they took advantage of periodic opportunities to raise funds on better terms than were obtainable in the U.S. market.

The large decline of $12 billion in the publicized gross new borrowing of non-OPEC LDCs in January-November has occurred despite increased current account deficits and external debt amortizations for most major borrowers. LDC borrowing continues to be dominated by about the same ten countries as in the past. Among them, however, only Chile and Thailand have increased their borrowing this year. There have been sharp reductions for Brazil, Mexico, the Philippines, Korea, Argentina, and Taiwan. Turkey hasn't borrowed at all. India, which had not obtained much money from the Euro-currency credit market in years past, has raised more than $800 million so far this year.

It should be noted that about half of the decline in non-OPEC LDCs' publicized gross borrowing this year is attributable to a reduction in the amount of advanced refinancings of existing credits, reflecting a hardening of credit terms for many borrowers. However, even allowing for this the decline is sizable. Lenders have become more cautious in the face of deteriorating external payments positions and prospects in many developing countries, as well as increased political uncertainties in a few instances. Banks also are constrained by deteriorating capital/asset ratios and already large country credit exposures.

The net oil exporters, such as Mexico, Malaysia, Peru, and Trinidad and Tobago, have benefited, as expected, from higher oil prices and improved current account performances that have lessened their borrowing needs. A few countries

among the non-OPEC LDC group, notably Brazil, have drawn on their foreign exchange reserves this year. The group as a whole, however, added about $2 billion to its reserve holdings in the first three quarters of this year. Even so, this is much less than last year's $10 billion buildup. The resistance encountered by some LDC borrowers in arranging new syndicated medium-term Euro-credits has led them to utilize previously arranged credit facilities more heavily as well as to secure more funds through other channels, including export credits, short-term bank lines, acceptance financing, and even the issuance of commercial paper.

OPEC members' borrowings are running only moderately below last year's pace. On the surface, their relatively high level of borrowing this year is somewhat surprising given their greatly improved payments positions. Algeria, which is still in deficit and usually a large borrower, has trimmed its new takings by more than $2 billion and has been drawing on previously arranged credit facilities. Aggregate OPEC borrowing has been sustained in part by the increased activity of Venezuela and Ecuador, both of which are having to roll over large amounts of short-term credits obtained in recent years.

While the bulk of the decline in Communist countries' gross new borrowings this year is the result of a sharp reduction in the amount of credit arranged by the People's Republic of China, several Eastern European countries have encountered market resistance. In addition to the unsettled political situation that arose out of the invasion of Afghanistan and the internal unrest in Poland, lenders have been reluctant to add substantially to their exposures at the loan spreads sought by some Eastern European borrowers.

The slower pace of overall activity this year has been accompanied by a tightening of credit terms for some borrowers. The minimum lending spreads for the most highly rated borrowers have remained at the low levels reached last year, generally ⅜%-½%. However, there has been increasing differentiation during 1980 in the setting of spreads and fees among borrowers according to their credit standing. Some developing countries, especially those that have been heavy borrowers over the years and are facing serious payments difficulties, have had to accept increasingly wide loan spreads and/or larger fees, as well as shorter maturities, in order to raise funds. This trend toward greater differentiation by credit risk is likely to continue. On the whole, however, only a relatively few borrowers willing to accept stiffer terms sought by the market have encountered difficulties in raising new money.

Statistical appendix

for key to data in tables see the September 1980 issue of World Financial Markets

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Information herein is from sources considered to be reliable but is furnished without responsibility on the part of Morgan Guaranty Trust Company.

Effective exchange rates

Index numbers, March 1973=100. The index of the effective exchange rate for a currency is a measure of that currency's trade-weighted average appreciation or depreciation vis-à-vis the currencies of 15 other major countries. The exchange rates used in the construction of this index are the averages of daily noon spot exchange rates in New York for months and for weeks ending on dates shown. The trade weights used are based on 1976 bilateral trade in manufactures.

	United States	Canada	Japan	United Kingdom	Germany	France	Italy	Belgium	Netherlands	Switzerland	Austria	Denmark	Norway	Sweden	Australia	Spain
pre-June 1970 parities	118.5	94.9	79.3	116.2	91.6	97.5	110.9	95.9	98.2	88.3	97.8	97.9	98.1	102.2	92.2	98.4
Smithsonian central rates	107.0	101.3	88.7	116.0	95.4	96.1	108.3	97.0	99.1	91.6	98.0	96.0	96.3	100.5	91.7	98.1
1979																
November	100.2	83.6	102.4	72.7	139.7	90.7	54.4	110.8	118.3	166.0	121.3	98.5	102.0	88.3	74.7	76.7
December	98.7	84.0	103.5	73.9	140.2	91.2	54.4	110.4	119.4	167.5	121.5	94.6	101.3	88.1	74.2	75.3
1980																
January	97.9	84.3	104.2	75.6	139.9	91.0	54.4	110.4	119.4	166.6	121.6	93.5	101.8	87.9	73.9	75.2
February	98.4	85.0	101.7	77.2	139.3	90.5	54.6	110.0	119.1	163.4	121.7	92.9	103.2	88.0	74.2	75.3
March	101.3	84.3	101.9	77.4	137.8	90.2	53.9	109.6	118.7	159.1	121.4	91.7	104.2	88.2	75.1	75.5
April	102.3	83.4	101.6	78.2	137.1	90.3	53.4	109.9	118.1	161.1	121.0	91.2	104.6	88.4	75.5	73.3
May	98.4	83.6	109.4	78.6	138.1	90.3	53.3	110.6	118.2	163.7	121.4	91.5	103.5	88.1	74.8	71.5
June	96.2	84.9	113.8	78.7	137.9	90.6	53.1	110.8	118.6	164.3	121.7	92.0	103.0	87.8	74.8	71.4
July	96.0	84.8	111.7	79.3	138.2	91.1	52.7	110.9	119.1	165.5	122.2	92.5	102.8	87.8	75.1	70.0
August	97.2	84.5	111.1	80.5	137.2	90.7	52.7	110.2	119.0	163.8	122.0	91.8	103.3	88.2	75.7	69.6
September	96.4	83.9	115.8	81.4	137.0	90.4	52.4	109.9	119.1	164.7	121.8	91.4	103.3	88.2	75.4	68.4
October	96.8	83.6	119.4	83.2	135.4	89.9	52.0	109.1	118.3	165.5	121.0	90.5	103.2	88.7	75.4	68.3
3	96.5	83.4	119.1	81.4	136.3	90.2	52.2	109.7	118.8	165.2	121.7	91.0	103.1	88.7	75.0	68.3
10	96.1	83.7	119.3	81.4	136.5	90.3	52.2	109.6	118.8	165.8	121.6	91.2	103.0	88.6	75.2	68.2
17	96.3	83.8	120.2	82.5	135.5	90.1	52.2	109.5	118.5	166.0	121.3	91.1	103.1	88.6	75.2	68.0
24	96.9	83.7	119.4	84.4	134.8	89.8	51.9	108.7	118.0	166.7	120.4	90.0	103.1	88.8	75.4	68.4
31	97.8	83.3	118.9	85.4	134.2	89.5	51.9	108.3	117.9	164.3	120.5	89.4	103.6	89.0	75.7	68.9
November 7	98.8	82.8	119.5	86.7	133.4	88.9	51.7	107.8	117.2	163.9	119.9	88.7	103.8	89.1	76.0	69.4
14	98.4	82.8	119.2	84.8	134.8	89.3	51.6	108.0	117.4	165.0	119.7	89.8	103.2	89.0	75.9	68.7
21	99.0	82.7	118.8	84.4	134.6	89.1	51.6	108.3	117.7	164.6	120.0	89.7	103.6	89.0	76.2	68.3

Real effective exchange rates

Index numbers, March 1973=100. The index of the real effective exchange rate is the index of the effective exchange rate adjusted for inflation differentials which are measured by wholesale prices of nonfood manufactures. Exchange rates and trade weights used in the construction of this index are the same as those used for effective exchange rate indices. Annual figures are averages of months.

	United States	Canada	Japan	United Kingdom	Germany	France	Italy	Belgium	Netherlands	Switzerland	Austria	Denmark	Norway	Sweden	Australia	Spain
1976	100.3	106.7	88.3	96.7	101.0	100.1	92.7	98.0	101.9	111.0	106.2	96.2	99.1	109.1	101.8	105.2
1977	100.0	99.8	93.5	101.6	102.4	96.2	95.6	99.8	103.9	105.3	109.3	97.4	99.9	105.1	91.9	100.8
1978	95.5	92.9	107.2	106.4	103.0	96.8	93.9	99.7	103.8	121.8	109.4	103.6	95.6	96.6	87.3	97.0
1979	95.5	92.9	96.1	118.7	103.8	98.8	93.7	97.2	100.4	115.9	108.2	101.8	90.5	99.3	86.1	109.2
1979																
November	98.3	92.3	85.4	121.3	105.1	99.9	93.9	96.2	98.2	112.5	109.7	101.4	89.5	100.9	86.7	109.9
December	96.6	92.9	86.9	123.4	105.1	100.6	95.3	95.6	98.7	112.8	109.5	97.1	89.1	100.5	86.3	107.6
1980																
January	95.5	94.8	87.0	128.3	104.1	99.4	96.2	94.7	99.9	110.0	109.4	95.6	89.2	100.3	85.4	112.0
February	96.6	94.6	85.3	131.6	103.2	99.5	96.9	93.9	99.2	107.0	109.9	94.8	91.2	101.0	86.9	112.0
March	100.1	92.1	86.4	132.7	101.7	99.9	95.5	92.8	98.5	103.7	109.1	94.2	92.7	101.3	87.4	111.2
April	101.7	90.4	86.9	134.1	101.0	100.0	95.1	92.7	98.4	104.7	108.0	93.4	92.3	100.8	87.0	107.1
May	97.8	90.3	94.0	135.8	101.8	99.9	95.9	93.3	96.9	106.0	109.0	94.2	91.1	100.6	86.0	104.6
June	95.6	91.7	97.8	137.1	101.4	100.3	95.9	93.1	96.8	105.6	109.4	94.2	90.6	100.3	85.9	105.5
July	95.6	91.8	95.1	138.2	100.9	101.7	95.7	92.5	97.6	105.7	109.9	95.9	91.1	100.0	86.8	104.0
August	96.9	91.2	94.7	140.5	100.1	102.0	95.8	91.3	97.6	104.0	109.5	95.6	90.9	100.5	87.3	104.0
September	96.2	90.6	98.3	141.8	99.4	101.9	95.8	92.0	97.3	104.1	108.7	95.2	91.4	100.7	87.1	102.8
October	96.9	90.0	101.0	145.9	97.9	102.0	95.5	90.2	96.6	103.6	108.5	95.0	91.4	101.0	87.0	103.1

Euro-currency market size

based on foreign-currency liabilities and claims of banks in major European countries, the Bahamas, Bahrain, Cayman Islands, Panama, Canada, Japan, Hong Kong, and Singapore
billions of dollars (rounded to nearest $5 billion), at end of period

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	
										Mar	Jun
Estimated size											
Gross	[illegible]	205	310	390	480	590	725	925	1 185	1 230	1 300
Liabilities to nonbanks	30	35	55	75	80	100	125	170	230	250	n.a.
Liabilities to central banks	15	25	40	60	70	85	110	120	155	155	n.a.
Liabilities to other banks[a]	105	145	215	255	330	405	490	635	800	825	n.a.
Net	85	110	160	215	250	310	380	485	600	625	650
Claims on nonbanks	35	45	65	100	115	150	195	245	295	305	n.a.
Claims on central banks and on banks outside market area[b]	35	45	75	95	115	135	155	195	245	260	n.a.
Conversions of Euro funds into domestic currencies by banks in market area[c]	15	20	20	20	20	25	30	45	60	60	n.a.
Euro-dollars as % of gross liabilities in all Euro-currencies	76	78	73	77	78	79	76	74	72	74	n.a.

a includes unallocated liabilities
b includes unallocated claims
c in European market area only
r revised
p preliminary

Euro-currency deposit rates

prime banks' bid rates in London, at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Euro-dollar:											
overnight	7.12	10.62	14.00	19.25	12.25	9.37	9.50	9.12	10.50	12.50	13.25
7-day fixed	6.31	10.62	14.00	19.37	12.75	9.50	9.50	9.25	10.62	12.50	13.50
one month	6.87	11.00	14.37	19.25	14.25	9.87	9.50	9.50	11.19	13.19	14.50
three months	7.19	11.69	14.44	19.69	14.37	10.12	9.75	9.81	12.25	13.81	15.37
six months	7.50	12.31	14.44	19.56	13.69	10.25	9.94	10.06	12.50	13.94	14.87
twelve months	7.67	12.00	12.87	18.00	12.75	10.25	9.87	10.19	12.50	13.69	14.12
Euro-mark:											
one month	2.19	3.19	8.50	8.94	9.06	9.37	9.50	9.69	8.62	8.87	8.81
three months	2.50	3.31	8.56	9.69	9.06	9.37	9.37	8.25	8.50	8.87	8.94
six months	2.81	3.69	8.56	10.06	9.00	9.00	8.81	7.81	8.31	8.87	8.81
twelve months	3.06	3.81	8.12	10.00	8.69	8.50	8.19	7.75	8.12	8.69	8.56
Euro-Swiss franc:											
one month	1.31	—.06	5.19	5.87	5.25	5.56	5.62	5.06	6.00	5.25	4.12
three months	1.37	0.00	5.75	7.12	6.12	5.37	5.69	5.12	5.87	5.75	5.44
six months	1.87	0.12	5.87	7.50	6.25	5.37	5.69	5.25	5.75	5.75	5.12
twelve months	2.25	0.62	5.56	7.00	5.62	5.25	5.12	5.00	5.50	5.62	5.37
Euro-sterling:											
one month	6.50	12.00	16.75	18.00	17.25	17.00	17.37	16.87	16.75	16.25	17.00
three months	6.62	12.62	16.75	18.25	17.25	16.75	16.75	15.62	16.62	15.87	16.75
six months	7.12	13.25	16.75	18.37	16.37	16.12	15.25	14.25	15.25	15.00	16.12
twelve months	7.37	13.00	15.25	17.50	15.37	14.75	14.00	13.25	15.12	14.37	15.00
Euro-French franc:											
one month	12.25	10.50	13.87	13.37	12.50	12.31	12.25	12.37	12.00	11.62	11.00
three months	13.25	9.87	14.00	14.12	12.75	12.50	12.25	12.12	12.12	12.06	11.31
six months	14.00	9.87	14.12	14.50	12.87	12.62	12.25	12.00	12.37	12.56	12.00
twelve months	13.25	10.25	13.75	14.87	13.00	12.75	12.25	11.94	12.62	12.81	12.62
Euro-yen:											
one month	0.62	—.69	7.62	15.00	11.50	12.62	13.00	12.87	11.62	12.50	10.00
three months	1.81	0.62	8.31	15.50	12.50	12.25	12.25	12.25	11.62	12.25	9.62
six months	2.75	1.87	8.62	15.00	11.37	11.37	11.12	11.37	11.12	11.50	9.12
twelve months	3.25	2.19	7.94	13.62	10.37	10.25	9.37	9.75	9.75	10.50	9.00

Euro-currency bank credits

publicly-announced in period, in millions of dollars

	1977	1978	1979	1980			Jan-Nov	
				Sepr	Octr	Novp	1980	1979
Industrial countries	**17 205**	**28 952**	**27 248**	**2 413**	**5 439**	**2 113**	**30 652**	**25 616**
Australia	360	212	941	403	1 469	—	2 475	875
Canada	3 292	5 705	1 845	—	—	1 020	1 677	1 845
Denmark	868	2 242	1 205	10	10	—	1 359	1 205
Finland	314	550	92	—	—	—	1 040	92
France	2 325	1 915	2 955	—	—	183	1 745	2 835
Greece	204	509	1 010	360	18	53	1 291	975
Ireland	440	616	687	—	20	106	237	687
Italy	1 024	2 485	3 708	275	1 415	86	6 144	3 148
Norway	102	1 517	935	—	129	125	665	864
Spain	1 973	2 426	4 184	219	994	140	4 070	4 094
Sweden	1 446	1 872	1 263	—	162	350	1 720	1 143
United Kingdom	1 992	3 899	795	—	312	—	1 410	795
United States	826	1 206	2 348	725	440	50	2 349	2 323
Others	1 959	3 798	5 280	421	470	—	4 470	4 735
Developing countries	**20 986**	**37 290**	**47 964**	**2 913**	**4 216**	**3 718**	**32 507**	**45 060**
Non-OPEC countries	13 504	26 892	35 411	2 218	3 138	3 063	22 003	33 047
Argentina	849	1 461	2 965	45	550	160	2 376	2 732
Brazil	2 814	5 634	6 278	157	396	1 232	4 007	6 248
Chile	591	1 045	867	168	201	74	1 024	807
Korea	1 265	2 651	3 258	65	6	500	1 705	2 702
Malaysia	212	858	1 168	—	—	—	—	868
Mexico	2 727	7 250	8 243	1 000	985	94	5 521	8 028
Morocco	797	605	500	—	150	—	400	500
Peru	189	—	596	—	90	35	460	531
Philippines	698	2 073	2 067	65	265	50	856	1 922
Taiwan	524	255	1 063	211	5	—	280	986
Others	2 838	5 060	8 406	507	490	918	5 374	7 723
OPEC countries	7 481	10 398	12 553	695	1 078	655	10 504	12 013
Algeria	723	2 576	1 906	—	—	—	40	1 906
Indonesia	817	1 118	1 061	—	167	8	1 035	1 061
Nigeria	1 000	825	1 373	75	698	38	1 349	1 373
United Arab Emirates	1 086	726	401	—	1	39	100	401
Venezuela	1 666	2 054	6 830	620	62	570	6 557	6 320
Other	2 189	3 099	1 373	—	150	—	1 423	952
Communist countries	**3 394**	**3 767**	**7 325**	**46**	**681**	**42**	**2 609**	**7 067**
China	—	—	3 395	—	—	42	181	3 395
East Germany	832	642	796	46	181	—	303	796
Hungary	300	700	260	—	300	—	550	260
Poland	19	374	849	—	—	—	800	849
Others	2 243	2 051	2 025	—	200	—	775	1 767
International organizations	**190**	**160**	**275**	**—**	**20**	**—**	**429**	**275**
TOTAL	**41 775**	**70 169**	**82 812**	**5 372**	**10 356**	**5 873**	**66 197**	**78 018**

a includes multi-national organizations *b* includes regional development organizations *c* includes COMECON institutions *p* preliminary
r revised

International bond yields

long-term issues, at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
U.S. companies:											
U.S. dollar	7.95	8.55	10.13	11.61	10.98	10.39	9.83	9.99	10.60	10.73	11.27
Swiss franc	5.31	5.70	6.61	7.32	7.19	7.23	7.29	7.28	7.30	7.28	7.26
European companies:											
U.S. dollar	8.42	9.21	10.93	13.07	11.94	11.07	10.53	10.72	11.47	11.71	12.04
German mark	6.80	6.84	7.55	9.33	8.36	7.84	7.76	7.63	7.85	8.31	8.66
Governments:											
U.S. dollar	8.42	9.12	10.66	12.17	11.67	11.06	10.47	10.50	10.90	11.08	11.22

New international bond issues

new issues in period, in millions of dollars

	1977	1978	1979	1980			Jan-Nov	
				Sep	Oct	Nov	1980	1979
By type:								
Euro-bonds, total	**17 771**	**14 125**	**18 726**	**1 705**	**3 082**	**1 660**	**22 355**	**17 432**
by category of borrower								
U.S. companies	1 130	1 122	2 872	373	755	447	3 948	2 697
Foreign companies	7 347	4 540	7 183	470	1 089	897	8 275	6 470
State enterprises	4 667	3 291	4 524	405	933	116	5 522	4 508
Governments	2 936	3 643	2 433	337	257	20	2 826	2 273
International organizations	1 691	1 529	1 714	120	48	180	1 784	1 484
by currency of denomination								
U.S. dollar	11 627	7 290	12 565	1 028	2 330	1 017	15 159	11 447
German mark	4 131	5 251	3 626	262	450	250	3 544	3 539
Dutch guilder	452	394	531	65	67	140	1 022	531
Canadian dollar	655	—	425	22	—	—	279	425
European unit of account	28	165	253	12	28	—	65	180
Other	878	1 025	1 326	316	207	253	2 286	1 310
Foreign bonds outside the United States, total	**8 777**	**14 359**	**17 749**	**1 343**	**1 261**	**1 268**	**13 316**	**16 404**
by category of borrower								
U.S. companies	40	245	217	—	—	59	278	217
Foreign companies	1 421	2 110	3 463	180	378	461	2 776	3 296
State enterprises	2 427	3 163	3 284	288	330	305	2 616	3 041
Governments	2 043	5 771	7 663	533	120	288	4 020	7 477
International organizations	2 846	3 070	3 122	342	433	155	3 626	2 373
by currency of denomination								
German mark	2 181	3 789	5 379	364	281	132	4 482	4 932
Swiss franc	4 970	5 698	9 777	606	636	869	6 862	9 359
Dutch guilder	211	385	75	77	75	—	259	75
Japanese yen	1 271	3 826	1 833	279	48	259	1 088	1 584
Other	144	671	685	17	221	8	625	454
Foreign bonds in the United States, total	**7 428**	**5 795**	**4 515**	**275**	**1 000**	**191**	**3 195**	**4 515**
by category of borrower								
Canadian entities	3 022	3 142	2 193	275	800	191	2 136	2 193
International organizations	1 917	459	1 100	—	200	—	550	1 100
Other	2 489	2 194	1 222	—	—	—	509	1 222
By country of borrower:								
Industrial countries	**23 851**	**24 964**	**31 886**	**2 371**	**4 336**	**2 709**	**30 621**	**30 376**
Australia	1 074	1 218	593	146	30	25	525	470
Austria	1 384	1 027	1 218	255	158	47	1 703	1 155
Canada	5 277	4 764	4 197	297	935	191	3 635	4 110
Denmark	796	1 018	752	89	58	94	1 108	752
Finland	358	952	699	—	27	—	392	612
France	1 945	1 286	2 106	145	385	394	2 566	1 867
Japan	1 979	3 467	5 775	428	544	812	4 762	5 573
Netherlands	682	251	832	13	216	140	1 536	782
New Zealand	567	744	553	—	25	—	293	553
Norway	1 889	2 751	1 955	112	44	35	769	1 858
Sweden	1 574	876	1 530	293	312	152	2 815	1 514
United Kingdom	1 915	1 365	1 181	93	293	100	1 733	956
United States	1 353	2 973	6 767	373	755	506	5 399	6 592
Developing countries	**3 421**	**4 227**	**3 093**	**490**	**326**	**75**	**2 220**	**2 943**
Non-OPEC countries	2 676	2 684	2 667	248	245	75	1 677	2 545
Brazil	732	843	930	56	—	—	349	658
Mexico	1 282	568	363	25	125	—	439	338
Philippines	129	170	175	70	—	—	70	175
OPEC countries	745	1 543	418	242	81	—	543	398
Algeria	166	721	208	—	—	—	—	208
Venezuela	438	588	55	197	81	—	398	55
Communist countries	**248**	**30**	**75**	—	—	—	**65**	**75**
Hungary	174	—	—	—	—	—	65	—
International organizations	**6 454**	**5 058**	**5 936**	**462**	**681**	**335**	**5 960**	**4 957**
TOTAL	**33 976**	**34 279**	**40 990**	**3 323**	**5 343**	**3 119**	**38 866**	**38 351**

Central bank discount rates

	1977	1978	1979		1980			Current	
	end Dec	end Dec	end Sep	end Dec	end Mar	end Jun	end Sep	Nov 25 1980	effective since
United States	6.00	9.50	11.00	12.00	16.00[a]	11.00	11.00	12.00	Nov 17, 80
Canada	7.50	10.75	12.25	14.00	15.69	10.63	11.20	13.06	Nov 21, 80
Japan	4.25	3.50	5.25	6.25	9.00	9.00	8.25	7.25	Nov 5, 80
United Kingdom	7.00	12.50	14.00	17.00	17.00	17.00	16.00	16.00	Jul 3, 80
Belgium	9.00	6.00	9.00	10.50	14.00	13.00	12.00	12.00	Jul 31, 80
France	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	Aug 31, 77
Germany	3.00	3.00	5.00	6.00	7.00	7.50	7.50	7.50	May 2, 80
Italy	11.50	10.50	10.50	15.00	15.00	15.00	16.50	16.50	Sep 29, 80
Netherlands	4.50	6.50	8.00	9.50	9.50	9.50	8.50	8.00	Oct 21, 80
Austria	5.50	4.50	3.75	3.75	6.75	6.75	6.75	6.75	Mar 21, 80
Denmark	9.00	8.00	11.00	11.00	13.00	13.00	12.00	11.00	Oct 27, 80
Finland	8.25	7.25	7.25	8.50	9.25	9.25	9.25	9.25	Feb 1, 80
Ireland	6.75	11.85	13.70	16.40	16.85	16.85	13.50	12.75	Oct 10, 80
Norway	6.00	7.00	7.00	9.00	9.00	9.00	9.00	9.00	Nov 30, 79
Spain	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	Jul 26, 77
Sweden	8.00	6.50	8.00	9.00	10.00	10.00	10.00	10.00	Jan 18, 80
Switzerland	1.50	1.00	1.00	2.00	3.00	3.00	3.00	3.00	Feb 28, 80
Argentina	165.27	108.19	107.04	89.90	74.98	85.86	69.64	72.55	Oct 28, 80
Brazil	28.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	Nov, 78
Korea	14.00	14.50	14.50	14.50	20.50	19.50	17.50	17.50	Sep 13, 80
New Zealand	10.00	10.50	13.00	13.00	13.00	13.00	14.00	14.00	Jul, 80
Philippines	6.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	May 19, 78
Singapore	3.50	4.50	5.75	6.75	8.50	8.50	8.75	9.50	Oct 21, 80
South Africa	9.00	8.50	7.00	7.00	7.00	7.00	7.00	7.00	Aug 13, 79
Venezuela	7.00	7.50	9.50	11.00	12.00	10.00	10.00	10.00	Jun 26, 80

a: applicable to large banks; 13% for other banks

Day-to-day money rates

monthly averages

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	6.56	10.03	13.78	17.19	17.61	10.98	9.47	9.03	9.61	10.87	12.81
Canada	6.84	9.44	13.83	12.13	15.58	13.68	11.37	10.20	9.86	9.82	10.70
Japan	5.01	4.57	8.02	10.73	12.21	12.56	12.62	12.68	12.11	11.40	11.00
Australia	9.96	8.40	7.84	9.26	8.99	10.74	10.34	10.91	9.63	9.81	8.96
United Kingdom	4.81	10.00	14.87	15.00	16.06	15.90	14.06	15.06	14.87	14.90	15.00
Belgium	7.48	6.73	10.65	12.64	14.94	13.78	12.43	11.87	10.01	9.64	9.60
France	9.30	6.67	12.17	12.96	12.40	12.61	12.43	12.04	11.32	11.37	n.a.
Germany	3.24	3.61	9.15	8.65	9.06	9.80	10.04	9.81	8.95	9.28	8.98
Italy	11.37	11.00	16.00	16.80	16.62	16.75	16.87	16.87	16.87	16.87	17.87
Netherlands	5.27	10.00	15.67	9.35	10.46	10.80	11.01	10.34	10.11	9.75	9.30
Austria	9.25	5.37	8.50	10.25	9.87	10.50	10.50	10.75	10.25	11.00	11.00
Finland	22.99	9.29	13.53	11.97	12.36	12.49	12.50	12.50	12.50	12.50	12.50
Ireland	8.00	12.12	16.88	24.00	17.62	17.38	17.38	16.81	13.75	13.62	13.25
Spain	7.22	16.75	9.61	15.25	14.76	17.81	14.22	12.71	12.57	13.16	14.38
Sweden	8.91	6.26	11.99	11.32	10.74	12.07	12.74	11.75	12.90	11.95	13.00
Switzerland	0.85	0.00	1.25	1.75	2.75	4.00	3.75	2.50	6.50	4.00	0.87
Argentina	n.a.	n.a.	78.22	56.92	56.66	58.14	64.92	83.39	52.89	51.36	51.58
Brazil	28.44	35.64	32.28	36.24	17.88	20.52	25.56	30.84	31.80	35.76	38.28
Hong Kong	4.87	9.67	14.19	13.87	13.62	12.37	8.00	7.25	8.75	8.31	10.87
Korea	14.40	15.00	15.00	19.20	19.20	19.20	19.20	19.20	19.20	17.22	17.22
Philippines	14.44	13.22	16.25	14.09	15.45	13.24	11.33	10.44	6.47	9.71	9.26
Singapore	3.59	4.98	10.17	9.55	10.47	11.19	9.42	9.15	8.97	10.75	14.53
South Africa	7.65	7.11	3.81	3.94	4.06	4.23	4.37	4.26	4.15	4.35	4.47
Euro-dollars	6.94	10.80	14.41	16.13	16.90	9.95	9.58	9.13	9.86	10.96	13.18

Treasury bill rates

bond-equivalent yields, at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	6.33	9.42	12.39	15.85	10.29	8.05	7.90	9.12	10.70	11.09	13.07
Canada	7.17	10.46	13.66	15.24	15.15	11.58	10.24	10.06	10.49	10.95	11.91
Japan	4.15	3.39	5.68	5.68	5.68	6.82	6.82	6.82	6.82	6.44	6.44
Australia	8.35	8.35	9.31	10.77	11.12	10.83	10.79	10.64	10.53	10.56	10.95
United Kingdom	6.42	12.01	16.45	16.95	16.73	16.75	16.29	14.69	15.00	14.37	14.44
Belgium	9.25	9.25	14.40	17.50	17.00	15.50	13.75	12.75	12.35	12.35	12.10
Ireland	6.74	11.83	16.37	16.76	16.88	16.69	16.57	16.46	13.47	13.43	12.72
Italy	12.81	12.81	15.62	15.87	16.12	15.75	16.12	16.25	16.12	16.00	16.94
Netherlands	6.00	9.50	12.75	10.75	10.25	10.87	10.37	9.87	10.25	9.25	8.85
Sweden	9.21	5.84	9.74	10.78	10.78	12.89	12.89	12.84	12.84	12.90	12.90
Argentina	109.06	82.55	71.04	59.76	58.55	64.01	70.26	70.43	48.60	51.03	58.31
Brazil	38.08	41.21	27.84	25.90	27.33	24.62	33.84	39.14	42.66	43.70	50.18
Korea	16.88	17.01	19.53	22.01	22.01	22.01	22.01	22.01	22.01	19.50	19.50
Mexico	n.a.	12.75	17.89	21.38	22.33	22.34	21.55	20.91	21.36	23.42	n.a
New Zealand	7.50	10.50	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25
Philippines	10.04	12.08	12.63	12.31	12.31	12.31	12.46	12.54	12.66	12.67	12.70
Singapore	3.17	4.01	6.18	6.92	7.21	7.10	6.85	6.79	6.89	6.99	6.99
South Africa	8.17	7.61	4.30	4.39	4.47	4.78	4.72	4.47	4.64	4.84	5.13

Representative money-market rates

bond-equivalent yields on major short-term (mostly 3-4 month) money-market instruments, other than Treasury bills, at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	6.84	10.57	13.70	18.44	13.70	7.90	8.03	8.82	10.91	12.24	14.24
Canada	7.25	10.62	14.15	16.00	15.40	11.75	11.50	10.60	10.75	11.10	12.50
Japan	5.89	4.64	8.01	12.68	12.12	12.53	10.87	11.54	10.95	11.48	9.57
Australia	9.75	9.10	10.30	11.75	14.00	13.50	13.00	12.50	12.40	12.00	11.70
United Kingdom	6.50	12.50	17.00	18.12	17.12	17.00	17.00	14.87	16.69	15.87	16.62
Belgium	9.50	9.25	14.45	17.50	17.00	15.75	14.00	13.00	12.60	12.60	12.45
France	9.19	6.44	12.62	13.69	12.56	12.37	12.25	11.44	11.62	12.31	11.31
Germany	3.60	3.70	8.70	9.80	9.97	10.20	9.95	9.30	8.90	9.10	9.20
Ireland	6.75	13.00	18.12	19.12	18.75	17.88	17.50	16.75	14.50	13.75	13.37
Italy	11.75	11.37	17.12	17.87	16.50	17.12	17.25	17.25	17.25	18.75	17.75
Netherlands	6.25	10.50	13.00	11.25	10.37	11.25	10.62	9.37	10.75	10.37	9.25
Spain	12.06	22.80	13.20	15.50	17.50	18.70	16.90	15.00	14.60	14.40	15.30
Switzerland	2.02	0.50	6.12	7.37	6.37	5.62	5.87	5.25	6.12	5.87	5.62
Hong Kong	5.73	11.82	14.37	15.87	14.75	12.12	8.75	7.94	9.25	10.44	12.56
Korea	16.86	17.01	19.53	22.01	22.01	22.01	22.01	22.01	22.01	19.27	19.27
New Zealand	11.87	12.00	16.00	16.00	15.25	14.25	13.50	13.25	13.40	14.00	14.25
Philippines	11.96	11.48	10.41	11.49	11.79	11.06	12.22	9.96	10.92	10.97	11.96
Singapore	4.81	7.38	10.12	11.50	11.31	10.75	9.75	9.50	9.50	11.62	13.62
South Africa	9.00	7.85	4.72	5.03	5.55	5.34	5.24	4.93	4.93	5.00	5.05

Commercial bank deposit rates

at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	6.80	10.90	13.55	18.50	12.95	8.70	8.90	8.90	11.55	12.25	14.25
Canada	7.25	10.45	14.05	15.50	15.35	11.50	11.00	10.50	10.75	10.65	12.40
Japan	3.25	2.50	8.37	13.50	13.00	13.20	11.00	11.50	11.00	11.30	9.50
Australia	9.50	8.50	10.25	12.35	13.00	13.15	13.33	12.41	12.03	11.33	10.95
United Kingdom	6.37	12.25	16.81	18.12	17.16	17.00	16.88	15.87	16.75	15.94	16.75
Belgium	9.50	9.87	14.50	17.50	15.00	15.75	14.00	12.50	12.63	12.50	12.13
France	9.00	6.50	12.50	12.50	12.50	12.25	11.75	11.25	11.62	11.75	n.a.
Germany	3.40	3.50	7.75	9.25	9.25	9.25	9.00	8.60	8.40	8.40	8.40
Italy	17.00	12.50	13.25	13.20	13.25	13.25	13.25	13.25	13.25	13.25	13.25
Netherlands	7.00	11.62	13.50	11.75	10.75	11.50	10.75	9.50	10.62	10.25	9.75
Austria	9.00	6.75	8.50	9.75	9.87	10.00	10.37	10.75	11.37	11.62	11.50
Denmark	8.00	7.00	10.00	12.00	12.00	12.00	12.00	12.00	12.00	11.00	10.00
Finland	4.25	3.25	4.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Ireland	6.87	12.75	17.87	19.12	18.75	17.62	17.37	16.25	14.00	13.87	13.25
Norway	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Spain	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Sweden	7.75	6.25	8.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
Switzerland	1.12	0.12	4.75	6.75	5.50	4.75	5.25	4.75	5.00	5.25	5.62
Argentina	n.a.	86.63	72.64	55.72	54.26	59.01	68.62	70.57	53.05	50.61	59.00
Brazil	39.50	46.80	45.00	44.76	44.76	43.68	43.80	45.24	47.40	49.56	54.48
Hong Kong	1.75	4.50	9.25	10.50	10.50	9.00	6.50	6.00	6.00	6.00	9.00
Korea	13.20	15.00	15.00	19.20	19.20	19.20	19.20	19.20	19.20	17.22	17.22
Mexico	11.00	12.00	16.75	20.71	22.03	21.11	19.13	18.20	18.98	20.74	n.a.
New Zealand	11.00	12.00	15.90	14.00	14.00	13.75	13.25	13.25	13.30	13.05	13.50
Philippines	8.50	8.50	10.50	10.50	10.50	10.50	10.50	10.50	14.00	14.00	14.00
Singapore	5.31	7.31	10.31	11.81	10.75	10.19	9.06	8.69	9.38	11.44	13.00
South Africa	8.70	7.30	4.82	4.68	5.35	5.22	5.15	4.75	4.77	4.90	5.10
Venezuela	7.00	7.25	15.00	17.00	17.00	13.00	12.00	12.00	12.00	12.00	12.00

Commercial bank lending rates to prime borrowers

at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	7.75	11.75	15.25	19.50	18.50	14.00	11.50	11.00	11.50	13.00	14.50
Canada	8.25	11.50	15.00	16.50	16.50	13.75	13.25	12.50	12.50	12.25	12.75
Japan	5.47	4.50	6.51	7.70	8.43	9.02	9.27	9.34	9.27	8.85	8.90
Australia	11.50	11.00	10.75	12.25	12.50	12.50	12.50	12.50	12.50	12.50	12.50
United Kingdom	8.00	13.50	18.00	19.00	18.50	18.50	17.50	17.50	17.50	17.50	17.50
Belgium	10.00	10.00	15.25	18.75	18.75	18.75	17.25	17.00	15.75	15.75	15.75
France	11.35	10.95	13.65	14.65	14.15	14.15	14.15	13.90	13.90	13.90	13.90
Germany	6.00	5.50	9.75	10.50	10.50	11.50	11.50	11.50	11.50	11.50	11.50
Italy	16.00	15.00	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50
Netherlands	7.00	12.00	15.00	13.25	12.00	12.75	12.00	11.25	11.75	11.25	10.25
Austria	9.75	8.75	8.50	9.50	11.00	11.00	11.00	11.00	11.00	12.00	12.00
Denmark	12.50	10.00	13.75	15.75	15.75	15.75	15.75	15.75	15.75	14.75	13.75
Finland	8.85	7.87	9.06	9.82	9.85	9.84	9.86	9.84	9.83	n.a.	n.a.
Ireland	8.25	13.75	16.00	16.00	18.50	18.50	18.50	17.50	15.50	15.50	14.50
Norway	8.33	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.50	12.50
Spain	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Sweden	10.25	8.50	10.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75
Switzerland	5.75	5.00	5.00	5.50	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Argentina	152.08	86.75	80.00	58.50	60.50	70.50	75.50	74.50	58.50	53.00	60.00
Brazil	52.05	61.70	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00
Hong Kong	4.75	8.75	14.50	16.00	16.00	14.50	12.00	10.00	10.00	10.50	13.00
Korea	15.00	18.50	18.50	24.50	24.50	24.50	23.50	23.50	23.50	21.50	21.50
Mexico	17.00	17.50	19.00	21.39	21.83	22.39	22.47	22.53	22.82	23.51	24.42
New Zealand	8.50	9.75	11.75	12.75	12.75	12.75	12.75	12.75	12.75	13.00	13.00
Philippines	14.00	14.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Singapore	7.02	7.65	9.50	11.28	12.10	11.98	11.40	11.10	10.95	11.30	12.60
South Africa	12.50	11.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Venezuela	9.50	10.25	13.00	14.00	17.00	12.00	12.00	12.00	12.00	12.00	12.00

Domestic government bond yields

long-term issues, at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	7.97	9.00	10.20	12.50	10.38	10.24	9.90	10.70	11.46	11.90	12.33
Canada	8.77	9.68	11.32	13.20	12.01	11.39	11.29	12.32	12.42	12.98	13.22
Japan	6.40	6.40	8.63	9.76	9.65	8.75	8.45	8.63	8.77	8.92	8.84
Australia	9.50	8.90	10.45	11.75	11.85	11.85	11.80	11.80	11.85	12.00	12.40
United Kingdom	10.53	12.75	13.83	13.98	13.44	13.30	13.06	12.52	13.27	12.69	12.52
Belgium	8.76	8.80	11.13	12.45	12.02	12.26	11.84	11.77	12.08	12.43	12.46
France	11.07	9.94	12.59	14.44	13.94	13.49	13.34	13.43	13.46	13.85	n.a.
Germany	5.52	6.65	7.91	9.72	8.93	8.20	8.00	7.78	7.95	8.24	8.55
Italy	10.82	10.89	11.28	11.63	11.63	11.64	11.80	12.06	12.00	12.12	12.53
Netherlands	8.11	8.48	9.29	11.45	10.59	9.97	9.95	9.66	10.08	10.25	10.20
Austria	9.00	7.91	8.20	8.93	9.52	9.26	9.04	9.21	9.62	9.61	n.a.
Denmark	16.83	17.27	18.28	20.37	20.57	20.27	20.90	19.95	20.71	20.29	19.24
Finland	10.25	9.19	9.58	10.38	10.59	10.46	10.44	10.49	10.52	10.35	10.48
Ireland	11.30	13.44	16.64	15.95	16.20	16.19	15.78	14.64	14.49	14.57	n.a.
Norway	8.37	8.19	10.04	10.20	10.26	10.31	10.16	10.21	10.73	n.a.	10.40
Sweden	9.84	10.09	11.22	11.26	11.33	11.31	11.38	11.38	11.46	n.a.	n.a.
Switzerland	3.75	3.03	4.20	5.09	4.96	4.82	4.72	4.59	4.87	4.85	4.69
Argentina	181.65	112.18	47.94	54.02	59.98	47.21	57.33	81.94	42.24	40.46	38.21
New Zealand	10.00	10.02	12.98	13.57	13.47	13.44	13.49	13.40	12.98	n.a.	n.a.
Philippines	13.40	13.40	13.20	13.40	13.40	13.40	13.40	13.40	13.40	13.40	13.40
South Africa	10.75	9.85	9.44	9.32	9.56	9.69	9.85	10.00	10.05	10.62	11.10
Venezuela	7.24	7.24	7.29	7.33	7.40	7.45	7.45	7.45	7.37	7.40	7.40

Domestic corporate bond yields

long-term issues, at or near end of month

	1977	1978	1979	1980							
	Dec	Dec	Dec	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
United States	8.30	9.25	10.75	13.75	10.75	11.20	10.63	11.65	12.50	12.88	13.38
Canada	9.71	10.34	12.07	13.90	12.84	12.29	12.14	13.19	13.35	13.74	13.95
Japan	6.68	6.94	8.34	8.75	9.50	8.68	8.23	8.20	8.24	8.44	8.48
Australia	11.00	10.25	11.65	12.75	13.10	13.25	13.15	13.15	13.25	13.35	13.75
United Kingdom	11.88	13.53	14.96	14.99	14.66	14.39	13.98	13.33	13.90	13.78	13.61
Belgium	9.85	9.58	11.93	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
France	12.09	10.27	12.92	14.80	14.37	14.39	14.16	13.93	13.86	14.03	n.a.
Germany	5.92	6.80	8.20	9.60	10.00	9.40	8.90	8.40	8.10	8.40	8.80
Italy	10.71	10.12	10.22	11.12	11.85	12.14	14.12	14.19	13.73	13.31	12.64
Netherlands	7.90	8.62	9.95	12.05	10.85	10.43	9.96	9.83	10.33	10.49	10.48
Norway	8.59	8.37	10.53	10.80	10.85	10.91	10.46	n.a.	10.70	n.a.	10.55
Spain	11.58	12.17	11.77	11.19	11.45	10.89	10.83	10.90	n.a.	n.a.	n.a.
Sweden	9.83	10.03	10.21	10.85	11.00	11.07	11.71	11.80	11.90	11.94	11.99
Switzerland	4.96	4.85	5.53	6.06	5.77	5.56	5.64	5.58	5.76	5.83	5.71
Korea	19.60	24.00	32.50	31.00	31.00	31.00	30.50	29.00	28.70	26.00	26.00
Mexico	17.56	20.37	21.99	24.49	26.26	24.70	23.75	24.99	26.26	26.13	n.a.
Venezuela	10.39	12.43	14.55	14.86	15.94	14.40	12.81	12.82	12.41	12.40	13.55

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